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Wednesday, 2 October 1991  
at 3 p.m.  
New York

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SUMMARY RECORD OF THE 5th MEETING

Chairman:

Mr. BURKE

(Ireland)

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GENERAL DEBATE (continued)

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The meeting was called to order at 3.05 p.m.

GENERAL DEBATE (continued)

1. Mr. MALONE (Canada) said that much of the world, including his own country, was just beginning to recover from a period of deep and widespread recession. Canadians could confirm that the need for sometimes painful adjustment to new global economic trends was not confined to developing countries. The guiding principles for a process of sustainable development - participatory democracy, open-market economic policies, sound economic management and an orderly international trading system - applied to developed and developing countries alike. In that connection, his delegation hoped that democracy would quickly be restored in Haiti, thereby opening up the way for continued development assistance.

2. Canada's priorities at the current session related to further securing the basis for success at the United Nations Conference on Environment and Development; highlighting the role of women in promoting sustainable development; seeking a global ban on pelagic drift-net fishing; enhancing the effectiveness of operational activities for development; and seeking the desperately needed improvements to the Economic and Social Council's subsidiary machinery.

3. In the previous year's general debate, he had drawn attention to the unenviable reputation the Committee had acquired as a result of its working habits and taste for declarative diplomacy. If it continued to dissipate its energy in political sparring on economic issues that were being effectively managed elsewhere, it would have only itself to blame for the perceived irrelevancy of the United Nations across the economic spectrum. Where it had a comparative advantage, for example, on global environmental and international development issues, the Committee accomplished much excellent work. However, its achievements were overshadowed by its largely deserved reputation for overblown rhetoric and unnecessarily protracted negotiations. He hoped that the Committee would continue to improve its working patterns and thereby enhance its standing in the coming months.

4. Mr. AMAZIANE (Morocco), speaking on behalf of the States members of the Arab Maghreb Union (Algeria, the Libyan Arab Jamahiriya, Mauritania, Morocco and Tunisia), said that with the spectre of the cold war swept aside, the international community must address the task of finding the financial resources and institutional arrangements necessary to promote peace and international security in a climate of justice, to revitalize growth and development, particularly in the developing countries, to combat poverty and social scourges such as drug trafficking and crime, and to protect the environment.

(Mr. Amaziane, Morocco)

5. While that task was an enormous one, the situation was not entirely desperate. A new world was gradually emerging in which increased cooperation between East and West would contribute to world stability. Conflicts between advocates of liberalism and State intervention were yielding to a global consensus that acknowledged the supremacy of economic liberalism over the command economy, while insisting on the need to strike an optimum balance between State intervention and market forces. Popular movements in support of democratization had become irrepressible in East and South alike. It was time to acknowledge that the spreading of internal democracy depended to a large extent on the democratization of international relations, the abolition of economic injustices and the creation of an international economic environment conducive to growth and development on a global scale. It should also be noted that the debt crisis, short-term adjustment policies and the international trading, financial and monetary system had a direct bearing on the destruction of the environment, the depletion of natural resources, the worsening food security situation, the endemic extension of poverty, the proliferation of drugs, international migrations and the deterioration of human rights in the world.

6. The changes taking place in the USSR and Eastern Europe might lead to a genuine opening up of their economies and to their integration in the multilateral trading system, thereby offering developing countries' economies additional outlets. The fear that external aid to the countries of Eastern Europe might divert resources away from the developing countries had not as yet materialized, except with regard to food aid, but there had indisputably been a shift in attention, and it was not inconceivable that, in time, there would be a reorientation of official capital flows, particularly if the USSR acquired the capacity to absorb a massive transfer of resources.

7. The gradual lifting of the threat of nuclear war between the super-Powers, the official dissolution of the Warsaw Treaty Organization and the beginning of cooperation between the Soviet Union and the NATO countries in the easing of regional conflicts, hinted at the prospect of a more peaceful world order. The chances of a major reduction in military expenditure world wide were probably better now than at any time since the late 1940s. The savings realized from such a reduction could be channelled into expansion and development.

8. A genuine liberalization of trade in the framework of the Uruguay Round, resulting in a substantial reduction in protectionism, could also free resources for investment. It had been estimated that free access to the industrial countries' markets could bring the developing countries some \$55 billion in additional export revenues, the equivalent of the official development aid they were receiving.

9. Some developed countries were exerting unacceptable pressure on world savings by maintaining substantial budget deficits, restrictive monetary policies and high interest rates in order to attract foreign capital. The

(Mr. Amaziane, Morocco)

problem was not a world savings shortage, as had been claimed, but rather, the mix of budgetary and monetary policies applied in the major industrial countries. To meet investment needs, the world economy must generate the necessary savings; that implied the elimination of unproductive expenditures and the elaboration of sound macro-economic policies. The industrial countries must themselves apply the adjustment measures they demanded of the developing countries: reduced budget deficits, stable financial systems and currencies, low and stable interest rates and sustained non-inflationary growth would transform the climate of development in the rest of the world.

10. His delegation considered that the time was ripe to introduce a system of global multilateral surveillance to coordinate macroeconomic policies between the countries of the North, the East and the South with a view to inducing the industrial countries to adopt policies favourable to the growth of the world economy and compatible with concerted global objectives. The States members of the Arab Maghreb Union also firmly supported the Secretary-General's proposal to convene an international conference on development financing.

11. The 1980s had seen the inexorable marginalization of the least developed countries, while Africa had been downgraded to the status of a region scarcely deserving of charity. Urgent action by Africa and the international community was essential if the negative trends highlighted by the Ad Hoc Committee of the Whole on the Final Review and Appraisal of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 were to be halted and reversed.

12. The Arab Maghreb Union was sparing no effort to strengthen cooperation with other States and regional groupings. In that context, the first conference of Ministers for Foreign Affairs of States members of the Union and of the European Economic Community, scheduled to be held at Brussels in November 1991, would provide an ideal opportunity to strengthen cooperation between Europe and the countries of North Africa.

13. The external debt of developing countries had risen to a level that represented half their overall GNP and about twice their combined annual export revenues. In 1990 the net transfer of resources from the developing to the developed countries had been \$24 billion, and it would probably remain at that level in the years to come, in view of the prevailing high interest rates. Official development aid had slowed, and world interest rates were substantially higher than growth rates for production and exports. Under those circumstances, prospects for financing and development in the countries of the South would remain uncertain unless bold steps were taken to correct the imbalances in the world economy attributable to the industrial countries' macro-economic policies and to reverse the dwindling of private-sector loans to developing countries. The indebted countries could only regain their solvency if the debt-crisis was overcome once and for all by extending debt reduction and debt-service reduction to more countries, rescheduling the poorest countries' debt on more generous terms, reducing the debt to official

(Mr. Amaziane, Morocco)

bilateral donors and increasing participatory investments. Recent debt-reduction initiatives represented a positive development in the official international attitude to debt management; they should be applied urgently and extended to a greater number of indebted countries.

14. Unfortunately, the leaders of the seven major industrialized countries, meeting in London in July 1991, had decided that the treatment accorded to countries such as Poland was exceptional and could not be extended to other countries. The debt crisis was not a technical problem but a fundamentally political problem that could be resolved only by political will. The value of recent agreements resided in the tacit admission by creditors that more generous debt relief was necessary if the heavily indebted countries were to progress along the path of economic transformation and structural adjustment at a politically acceptable pace. The countries of the Arab Maghreb Union continued to support the idea contained in the report of the Personal Representative of the Secretary-General on Debt for the establishment of a bank for Mediterranean Africa and reiterated their willingness to study ways and means of implementing that proposal as soon as possible.

15. It was universally acknowledged that the production and consumption systems of the industrial countries lay at the root of the world's ecological problems: 90 per cent of the world's dangerous wastes originated in those countries. Yet poverty, overpopulation and the lack of technological and financial resources were also causes of environmental degradation in the developing countries. The greenhouse effect, climate change and ozone-layer depletion must be tackled urgently in order to counter global warming. Each year, millions of hectares lost their biological diversity, while deserts continued to encroach on cultivable land. At the present rate, 40 per cent of the developing countries' forests would have been lost by the year 2000. Water-supply problems were exacerbated by drought, the lowering of water tables, deforestation and contamination. Thus the success of the United Nations Conference on Environment and Development hinged on securing a consensus on two questions of major importance for developing countries, namely, sufficient new financial resources to support sustainable development, and the conditions governing the transfer of ecologically sound technologies.

16. The growing number of disasters and emergency situations in 1990 and 1991 had overstrained the capacities of aid organizations. Some now felt that the emergency humanitarian aid structure of the United Nations system must be reviewed with a view to strengthening its coordination, thereby improving its capacity to respond effectively to emergencies. His delegation considered that any such reform must be based on respect for the principle of national sovereignty, and should aim to generate the financial resources needed to set up an improved rapid intervention arrangement within the United Nations. Lastly, the reform effort must take account of the mandates of existing aid organizations, particularly the Office of the United Nations Disaster Relief Coordinator (UNDRO).

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(Mr. Amaziane, Morocco)

17. At a time when the role of the United Nations in the fields of international security and development was more widely recognized than ever before, there had been no concomitant broadening of the Organization's financial basis. The size of the amounts outstanding in the regular budget indicated that the Organization's financial crisis was far from over. If the United Nations was to become a centre for consensus and decision-making and a bulwark against chaos, it must be given the resources it needed to play its role to the full.

18. Mr. LUNGU (Zambia) said that the Committee was beginning its work against a background of demonstrable willingness to move towards economic reform and renewal in many parts of the world. With the end of the cold war and democratization proceeding in many countries, the greatest challenge now facing the United Nations was the promotion of better standards of living for all. The current wave of migration from developing to developed countries was just one vital indicator of the universal yearning for economic and social progress and an indicator of the unjust distribution of economic opportunities around the world.

19. The notion of free markets, currently championed by the developed countries, would remain an empty symbol if those countries remained entrenched in protectionism. The developed countries must practice at the international level the policies they preached to developing countries. A significant opportunity to do so had been afforded by the ongoing Uruguay Round of multilateral trade negotiations. The apparent deadlock in the negotiations was a source of concern to his delegation, as it cast doubt on the genuineness of the trend towards liberal economic and political values championed by the developed countries. The failure of the Uruguay Round would usher in an era of fortified trading blocs and trade wars. It would also lead to an international environment dominated by economic competition and the struggle for supremacy that had characterized the cold war era. The Second Committee could play an important role in facilitating the emergence of a clear understanding about the state of economic liberalization at world level. However, the Committee's potential was limited by the often repeated but unacceptable view that concrete economic questions were best left to the Bretton Woods institutions, whose activities had tended to become marginalized.

20. If the promise of universal and equitable economic achievement was to be fulfilled, new life must be breathed into multilateral cooperation. The debate at the second regular session of the Economic and Social Council of 1991 on the strengthening of multilateral cooperation in international economic affairs and the discussion at the high-level segment on the recent evolution of East-West relations had produced a number of proposals which, if incorporated in the ongoing restructuring of the intergovernmental machinery of the United Nations in the economic and social fields, offered numerous possibilities for revitalizing multilateral cooperation. At some stage in that process, serious consideration should be given to the reform of the

(Mr. Lungu, Zambia)

Bretton Woods institutions, which could not be left out in the political wilderness if the international community was serious about strengthening multilateral cooperation.

21. Environmental issues had rightly gained prominence in global economic policy. In that regard, the principle of sovereignty must be preserved: no country should arrogate to itself the right to intervene in the affairs of other countries. The preparations for the United Nations Conference on Environment and Development should be characterized by a spirit of cooperation, not confrontation. The remaining preparatory meetings must consider the formulation of policies and programmes to bring about sustainable development.

22. As it carried out its work within the framework of the Declaration on International Economic Cooperation and the International Development Strategy for the Fourth United Nations Development Decade, the Committee must decide what concept of development it had in mind and whether the many conditions imposed on development thus far - e.g. structural adjustment, market reform, human rights, democracy and reduced military expenditures - merely supported outmoded and unviable models of development or defined a clearer and more credible vision, particularly in the case of Africa. The imposition of conditions must not be allowed to ruin economies or take the place of a far-reaching search for effective models of development which took the indigenous capacities and unique circumstances of each developing country into account.

23. While it was true that every nation was primarily responsible for its own development, a supportive international environment was crucial to national development, particularly in highly vulnerable countries. It was therefore necessary to alter the current international debt strategy in order to eliminate the burden of external debt which so seriously undermined the development efforts of the developing countries.

24. His delegation welcomed the resolutions adopted on South Africa at the most recent session of the Economic and Social Council, in particular, the resolution on the activities of transnational corporations in South Africa. Despite some positive developments, the system of apartheid remained intact and continued to pose a threat to peace and the stability and development of the front-line and neighbouring States. Genuine advocacy of democracy and human rights in South Africa required a sustained commitment to the total elimination of apartheid and the continued provision of assistance to the victims of that system. It was also to be hoped that peace in Angola and, ultimately, in Mozambique, would enable the countries of southern Africa to embark on sustained efforts to rebuild their economic institutions.

25. Mr. LOEIS (Indonesia) said that his delegation's views were reflected to a large degree in the statement made at the 3rd meeting by the representative of Ghana on behalf of the Group of 77. Although the high hopes that the

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(Mr. Loeis, Indonesia)

imperatives of development and the advancement of peoples would assume top priority with the demise of the cold war had been dashed by the Gulf crisis and its aftermath, the recent announcement by the President of the United States of America of substantial nuclear-weapons reductions was a welcome and radical departure that provided renewed hope.

26. The economies of the developing countries remained caught in a prolonged downturn and were burdened by unacceptable imbalances and inequities. He expressed concern at the bleak prospects for 1991, when the world economy was expected to suffer virtual stagnation and a possible decline in per capita output of nearly 2 per cent. Particularly worrisome for the Asian and Pacific region was the steady decline in the growth of world trade and the continuing deterioration of commodity prices. The growth rate of his own country's non-fuel exports had declined from 35.1 per cent in 1988 to 6.7 per cent in 1990, a level which was inadequate to sustain the economic growth needed to provide the more than 2 million persons entering the labour market annually with employment.

27. While the developing countries themselves bore primary responsibility for confronting the challenges of development, the rapidly growing interdependence of nations made a positive external economic climate and the revival of multilateralism imperative. To that end, the North-South dialogue should be renewed on the basis of the concepts of genuine interdependence, mutuality of interest and mutual benefit. There was a need for a dynamic trading system in which exports from the developing countries enjoyed greater access to markets in industrialized countries.

28. Paradoxically, however, while many developing countries, including his own, were liberalizing their trading regimes, many developed countries were pursuing a policy of managed trade and increasing tariff and non-tariff barriers. The terms of trade for the exports of developing countries, particularly commodities, must be significantly improved. The failure to conclude the Uruguay Round at Brussels had been deeply disappointing, and his delegation hoped that the parties to the General Agreement on Tariffs and Trade (GATT), particularly the major trading nations, would display the courage needed to bring the negotiations to a successful and balanced conclusion by the end of the year.

29. As commodities constituted the economic lifeblood of many developing countries, it was essential to devise commodity agreements and arrangements which enhanced the stability, transparency and functioning of commodity markets and reflected long-term market trends that benefited producers and consumers alike. New mechanisms should be developed while preserving the spirit and principal objectives of the Integrated Programme for Commodities. Optimal use should be made of the Common Fund for Commodities, which should be strengthened with the help of the industrialized nations. Diversification, marketing, processing, distribution and other value-added activities should be promoted, and more active and productive participation by all parties in producer and consumer forums should be fostered.

(Mr. Loeis, Indonesia)

30. Debt-management strategies designed to help the developing countries had not succeeded in the long term. Major new policy measures were needed, while recent initiatives should be broadly and expeditiously implemented and expanded to cover all forms of debt and all categories of seriously indebted countries. Beyond that, global solutions should be sought which reflected an appropriate mix of fiscal, monetary and trade policies, free of any conditionality.

31. The virtual halt in the flow of commercial financing for development and the stagnation of official development assistance were causes for deep disappointment. It was essential to ensure that assistance to the Soviet Union and Eastern Europe was truly additional to financial flows to the developing countries. A further allocation of special drawing rights was warranted and should be linked to the development needs of the developing countries.

32. The convening of the eighth session of the United Nations Conference on Trade and Development (UNCTAD) early in 1992 would provide an opportunity for renewed international cooperation to meet the challenges of the 1990s and for the revitalization of the role and functions of UNCTAD.

33. Responsibility for dealing with environmental degradation should be proportionally and equitably shared by all countries and should not become a new source of contention between North and South. It was therefore essential to acknowledge the critical link between the protection and conservation of the environment and sustainable development. Additional resources should be made available to the developing countries to enable them to revitalize their economies, and those countries should be given unimpeded access to environmentally sound technology on a preferential and concessional basis free from conditionality in any guise.

34. Mr. TURIANSKIY (Ukraine) said that the past year had seen a qualitatively new world situation emerge, unparalleled in the history of mankind. The new world order was based on civilized relations between States, the recognition of universal human values and the primacy of international law. Despite throwbacks to the old thinking, such as the political explosion in the Persian Gulf, international relations had moved steadily away from ideological prejudice and bloc confrontation to broad cooperation and partnership among members of the world community.

35. Economic developments lagged behind political progress, however, as the findings of the World Economic Survey 1991 indicated. The problems of external debt, protectionism in trade, the net transfer of resources from the developing countries, the chronic lack of development resources and environmental deterioration continued to cause grave concern. Those problems were compounded by the hardships currently experienced by the Eastern European countries during their difficult transition to the market system.

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(Mr. Turianskiy, Ukraine)

36. Grounds for optimism were nevertheless furnished by the progress achieved in developing an optimal economic model based on the harmonization of various national and regional interests, recognition of the responsibility of States for their own economic policies and the revitalization of the United Nations macroeconomic coordination machinery. The special session of the Economic and Social Council devoted to the evolution of East-West relations had contributed significantly to that process and had expressed firm support for the efforts of the countries of Central and Eastern Europe to democratize their social and economic systems, to adopt market economies and to become integrated into the world economic system. Those developments would ultimately provide a foundation for increased stability and transparency in international economic relations, but required an appropriate response from the United Nations, particularly from its social and economic sectors.

37. The current democratization process and the accompanying economic transformations in Ukraine had culminated in the country's declaration of independence in August 1991. Ukraine faced particularly severe obstacles in overcoming the economic consequences of more than 70 years of deformed development. The new economic reforms were based on the belief that property in all its forms - collective, individual and private - constituted the basis of economic life and were aimed at promoting all forms of enterprise. Equal legislative conditions would be assured for all businesses, with a corresponding market infrastructure, social security, and, where necessary, certain economic privileges. Managerial structures and institutes would have to be created, as would a new unit of currency and an efficient customs service. Ukraine would also have to develop its own finance, credit, taxation and investment policies.

38. A particular problem was posed by the need to attract foreign capital, technology and specialists to Ukraine. Recently adopted legislation guaranteed the protection of foreign capital and the right to export profits in foreign currency.

39. The creation of a new national, democratic economy, open to all countries, would depend on the political structures established in an independent Ukraine based on the rule of law. Current economic and political reforms were designed to free the economy and create a truly democratic State.

40. All those efforts would require considerable financial expenditure, in addition to the financial and material costs already incurred by the country in coping with the persisting consequences of the Chernobyl disaster. Given its nature, the Chernobyl problem necessitated a global approach, with broad cooperation from the world community. The gravity of the problem was evident from the various resolutions adopted on the subject by the General Assembly, the Economic and Social Council and other organs and agencies of the United Nations system. His country was sincerely grateful to all States, international organizations and the world community for their sympathetic response to the misfortune suffered by its people and for the material support they had rendered.

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41. Mr. AL SALLAL (Kuwait) emphasized the havoc wreaked upon the infrastructure, economy and environment of his country by quoting from the report of the United Nations mission to assess the damage inflicted on Kuwait during the Iraqi occupation (S/22535). He urged Committee members to read the entire report, as it constituted an important historical document of an unprecedented crime. The mission's findings had been corroborated by documents left behind by fleeing Iraqi troops during the liberation of Kuwait which contained details of operations intended to inflict the utmost damage on the country, particularly its oil resources. The rigorous implementation of all Security Council resolutions, most notably resolution 687 (1991), would preclude a recurrence of the events witnessed in Kuwait.

42. Notwithstanding its attempts to recover from the effects of the Iraqi invasion, Kuwait continued to head the list of countries providing development assistance, and the country had not abandoned its policy of helping to alleviate the foreign debt burden of developing countries.

43. He concluded by commending the firm stand taken by the international community alongside his country during its time of difficulty.

44. Mr. RAZALI (Malaysia) said that the hostile international economic environment which had been the primary cause of the development crisis of the 1980s remained fundamentally unchanged in the 1990s. The growing interdependence of the world economy had not led to a more equitable balance between the developed and developing world, and reforms were urgently needed in the international arrangements governing the flows of trade, money, finance, science and technology. The transition from the colonial to the post-colonial world had been engineered by the developed countries in such a way as to tighten their control over the use of world resources.

45. The collapse of the concept of the new international economic order had reaffirmed the ultimate primacy of power in determining the terms of international relations, as exemplified by the Bretton Woods system and the group of seven major industrialized countries. The North had endeavoured to ensure access to, and control over, the supplies of natural resources and raw materials at prices and terms advantageous to itself, while the South had been forced to open its own markets to imports of goods, investments and services from the North. In addition, the North had adopted protectionist measures to combat rivalry among its own States.

46. The debt burden of the developing countries had continued to rise in 1990, and relief could be achieved only through growth in world trade. A freer international trading environment would help the developing countries realize their full export potential, with consequent benefit to their own economies. The adoption of appropriate macroeconomic policies and structural adjustment measures by the developed countries would lead to sustained growth marked by low inflation and stable exchange and interest rates.

(Mr. Razali, Malaysia)

47. He urged the developed countries to meet the agreed targets for official development assistance, particularly with regard to the least developed countries. The share of multilateral assistance in financial flows to developing countries should be increased, and international financial institutions should play an expanded role in the area of development financing. Concessional assistance should be doubled by 1995 and the resulting additional resources devoted to food production and other basic needs, population control, energy security and other environmentally sensitive sectors. A comprehensive regime for direct foreign investment was urgently needed, and the code of conduct on transnational corporations should be adopted without delay.

48. Efforts should be made to increase the share of imports from developing countries in the total consumption of the developed world by removing protectionist barriers and stabilizing commodity prices. The Common Fund for Commodities ought to fulfil an important function in that regard, and both of the Fund's accounts should become fully operational as soon as possible.

49. Malaysia was concerned at the overall lack of progress made in the implementation of the Vienna Programme of Action on Science and Technology for Development. The decommercialization of technology, or its transfer on concessional terms, was essential to developing countries, and Malaysia therefore endorsed the call by the Ministers for Foreign Affairs of the Group of 77 for the establishment of a United Nations financing system for science and technology, as provided for in the Vienna Programme of Action.

50. In addition, Malaysia was concerned at the lack of agreement on key environmental issues such as the provision of new financial resources and the transfer of environmentally sound technologies on a preferential and concessional basis. Firm commitments were needed from the developed countries on those issues to ensure the success of the United Nations Conference on Environment and Development and to enable the developing countries to implement the Conference's decisions.

51. Progress was also very slow in the negotiations on climate change and biological diversity. Once again, firm commitments were required from the developed countries in discharging their responsibility and providing leadership in addressing the issues of environmental degradation and climatic change. Malaysia believed that the issues of biological diversity and biotechnology were closely related and should be addressed jointly in the Convention on biological diversity.

52. In conclusion, his delegation called for the full implementation of all resolutions adopted by the Committee and, in particular, the Declaration on International Economic Cooperation and the International Development Strategy for the Fourth United Nations Development Decade.

53. Mr. AGUILAR-HECHT (Guatemala) said that the political and economic developments in certain regions of the world were very encouraging although the possibility of severe setbacks still remained, as exemplified by the recent coup in Haiti. Central American politics were dominated by economic issues, and new economic blocs were being formed in order to stimulate more imaginative and competitive practices. The Central American Common Market was growing stronger and would soon count Belize and Panama as members. Numerous bilateral agreements had been reached between States in the subregion and other Latin American States, and the possibility of a reciprocal market between the Caribbean and Central America was being explored.

54. With regard to economic relations with Europe, at the recent San José VII Conference at Managua, a tariff arrangement similar to the one in force in the Andean Pact countries had been requested. Unfortunately the request had not been accepted, and his delegation believed that the proposed alternative tariff arrangements were insufficient to render Central American products competitive on European markets. The arrangement which the Central American countries favoured would advance the cause of peace, democracy, development and respect for human rights.

55. Guatemala welcomed the positive developments in Eastern Europe and the end of the cold war and looked forward to extended, mutually beneficial economic and social cooperation with that group of countries. The new world political climate called for a new definition of the concept of international security in which greater weight was attached to the relationship between disarmament and development. Now was the time to create political, economic and social conditions that would reduce the risk of confrontation and guarantee peace and economic stability in all countries.

56. The poverty which continued to afflict much of the world rendered more urgent than ever the revitalization of the North-South dialogue. It was untenable that certain countries should prosper while in others the standard of living continued to decline, creating new threats to international peace and security.

57. While all countries must share responsibility for protecting the environment, the fact remained that one third of the world's nations enjoyed a high level of technological and scientific development and considerable wealth while the remaining two thirds endured crushing poverty and many other problems which sorely tested their capacity to improve their situation. Clearly the developing countries bore the greater burden. With their economies undermined by heavy external debt and the prices of their non-oil-based commodities constantly declining, they were compelled to adopt diversification programmes similar to those adopted by many other developing countries, resulting in the overproduction of identical products. Prices then fell further, thus exacerbating their problems. That situation could hardly be said to illustrate the operation of the market forces of supply and demand.

(Mr. Aguilar-Hecht, Guatemala)

58. In crafting a new international order, it was not enough to replace political alliances with new economic blocs or to develop democratic institutions and economic policies. He agreed with the Under-Secretary-General for International Economic and Social Affairs that the energy unleashed by peoples striving for freedom must be channelled to serve the causes of economic well-being, social development, nation-building and social justice. The international community must redouble its efforts to strengthen development cooperation programmes and foster ecologically sound technology transfers on favourable terms. The developing countries should enable women to assume a meaningful role in development and should focus on human resources training and on enhancing the quality of life of their populations.

59. The new international order also required genuinely free trade without protectionism. It was to be hoped that the Uruguay Round of negotiations would prove successful in eliminating such barriers. The eighth session of UNCTAD should define the policies to be followed in the future, bearing in mind the expectations of the developing countries. It was also important to increase flows of foreign investment and to augment the financial resources of the International Monetary Fund, the World Bank and the regional development banks, enabling them to support structural adjustments on concessionary terms. New conditions, including those of a political nature, should not be imposed.

60. Issues such as disarmament, the environment, human rights and even drug trafficking must all be approached from the perspective of the developing countries. Mutual respect for the sovereignty, independence and territorial integrity of States was of critical importance. The United Nations and the international community as a whole must continue to strive to halt the arms race and the resources thus freed should be devoted to economic and social development and environmental protection.

61. The new international agenda must also focus on ways to promote social development, which was a prerequisite for peace. His country therefore welcomed the convening of a world summit for social development and viewed the involvement of women, the elderly, the disabled and young people in development as essential. Attention should also be focused on education and the promotion of respect for the human rights and fundamental freedoms of all citizens, particularly minorities, with special treatment given to indigenous peoples, refugees, returnees and displaced persons.

62. In conclusion, his delegation supported the proposal by the Secretary-General to give consideration to the convening of an international conference on development financing. Such a conference would benefit from the work done at the eighth session of UNCTAD and the United Nations Conference on Environment and Development.

63. Mr. AVRAMOV (Bulgaria) said that the ending of cold-war tensions in the political, economic and military spheres had resulted in completely new circumstances that required new approaches to international cooperation. The process for finding new ways to achieve sustainable and growth-oriented economic development based on broad dialogue had been confirmed in the Declaration on International Economic Cooperation, adopted by the General Assembly at its eighteenth special session, and the International Development Strategy for the Fourth United Nations Development Decade. Those documents could provide a sound basis for international economic cooperation in the 1990s.

64. One of the first requirements for the steady and reliable functioning of the world economy was the full participation of all countries in international trade. The achievement of sustainable development required a favourable international economic climate, and there was an urgent need for adequate solutions to such major problems as foreign debt, increasing poverty, overpopulation and environmental degradation, which destabilized the world economy.

65. The human dimension of development was also becoming a matter of primary concern for the international community inasmuch as the ultimate goal of all countries' economic development was the improvement of living standards. The effective use of human resources, with due respect and sound guarantees for human rights and fundamental freedoms, stimulated creativity, innovation and initiative, a consideration that should be borne in mind in the elaboration of social development prospects within the overall framework of world economic development. It was from that perspective that Bulgaria viewed the new role of the United Nations in the economic and social field.

66. The United Nations Conference on Environment and Development should outline an ecological policy and adopt specific documents, such as conventions on climate change and biological diversity. An effective mechanism would have to be developed for the implementation of such conventions and the provision of assistance to countries requiring help in complying with those instruments. Due attention should be given to the tragic state of the environment in Eastern Europe. Bulgaria was prepared to cooperate in mitigating the emergency situation in that region and in the Balkans through the implementation of regional projects and programmes.

67. His delegation fully supported the proposals made by the Netherlands regarding the need to strengthen United Nations activities in the field of humanitarian emergency assistance. Those activities could be made more effective by improving coordination and intensifying cooperation between the United Nations, the specialized agencies, non-governmental organizations and donor and recipient countries.

68. Bulgaria was currently undergoing a process of profound democratization and transition to a free-market economy. A new, modern, democratic Constitution had been adopted and an economic stabilization programme,

(Mr. Avramov, Bulgaria)

developed with the assistance of the International Monetary Fund and the World Bank, was in effect. Interest rates and prices had been liberalized, and the Government was undertaking strong anti-inflationary measures. The success of domestic reform and the provision of conditions for stable growth were largely dependent on timely and adequate external financing, and the Bulgarian Government attached particular importance to the political, economic and financial support of the international community.

69. The pace of reform in Bulgaria demonstrated that transition to a market economy was accompanied by tremendous difficulties. Bulgaria's problems were further aggravated by an adverse external economic environment. The rapid disruption of former economic ties and the negative economic consequences of the Gulf crisis had further strained the Bulgarian economy, already weakened by the burden of radical reforms.

70. Bulgaria fully supported the enhancement of the role of the United Nations as a focal point for the international community's efforts to solve global problems of development and as an agent for enhanced international cooperation in the social and economic fields. In that connection, his delegation attached particular importance to the ongoing restructuring of the Organization's social and economic sectors.

71. Mr. KONAN (Côte d'Ivoire) said that the world economy remained in a critical situation that had been further complicated by the collapse of the countries of the Eastern European bloc. The resources needed to rehabilitate the economies of those countries placed a great strain on world savings, which were already very much in demand. While the integration of Eastern Europe into the world economy gave rise to the hope of a general economic upsurge, it was also a real source of apprehension for other developing countries, especially in Africa.

72. For almost two decades, the economies of African countries had continually deteriorated without benefiting from any decisive action such as was currently being taken to assist Eastern Europe. Even the United Nations Programme of Action for African Economic Recovery and Development, which had been adopted by consensus, had not received the expected attention or support owing to an absence of political will. The Secretary-General's report on the critical economic situation in Africa (A/46/324 and Add.1) was very explicit in that regard. The new follow-up agreement to the Plan of Action, which had been concluded by Africa and its developed partners, opened "windows of hope" and opportunities for action that must be taken if Africa was to be integrated into the world economy.

73. The developing countries continued to face a serious economic crisis that further widened the gap between rich and poor countries. While it was true that some developing countries, particularly those in South-East Asia, had registered very high growth rates, the overall collapse of the developing countries' economies could not be denied.

(Mr. Konan, Côte d'Ivoire)

74. Many developing countries continued to derive most of their income from commodities. Despite a reduction in developing countries' commodity exports, commodities other than fuels continued to account for an average of 40 per cent - and, in certain countries, between 60 and 80 per cent - of such exports. The volume of commodity exports had increased substantially during the second half of the 1980s. In the African countries in particular, the quantitative increase of 4 per cent was proof of those countries' efforts. Unfortunately, because of the continuing fall of exchange rates, the export incomes of the African countries had been very low and were incommensurate with their efforts. Whatever arguments could be adduced to defend the free play of market forces, it could not be denied that commodity trading involved more than just the law of supply and demand and penalized developing countries that produced raw materials.

75. Mutually acceptable solutions must be found through concerted political efforts. The developed countries must provide concrete support for the developing countries' efforts to diversify their economies. By processing a significant percentage of their products, the developing countries, and particularly those in Africa, could become more fully integrated in the world economy and could stimulate growth.

76. The debt crisis would continue to place a heavy burden on the developing countries for decades to come and would inevitably jeopardize the stability of the heavily indebted countries, particularly in Africa, that lacked the resources to meet their obligations. Debtor countries were faced with the prospect of low export incomes, underdeveloped industries, unemployment and low standards of living. Debt servicing alone consumed the bulk of their meagre incomes. Côte d'Ivoire therefore welcomed the current initiatives to reduce debt. In particular, it commended the terms accorded to Trinidad and Tobago, which would allow that country to reduce its official debt by 50 per cent and, for the first time, provided for similar reductions in external commercial debt.

77. At their recent meeting in London, the Group of Seven had acknowledged the need to adopt additional debt-relief measures that went far beyond the Toronto initiative for dealing with the debt problem. His delegation hoped that the new initiatives would be implemented as soon as possible. It was regrettable that most of the debt-relief measures taken thus far had ignored the critical situation of medium-income countries such as Côte d'Ivoire. His delegation hoped that the recommendations of the Personal Representative of the Secretary-General on Debt that the debt of medium-income African countries should be relieved under terms similar to those of the Toronto initiative and that they should be granted resources for development on more favourable terms would be taken into account in efforts to find a lasting solution to the debt problem.

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(Mr. Konan, Côte d'Ivoire)

78. There was an urgent need to accelerate industrialization in the developing countries. It was paradoxical that the countries that provided the substratum of the industrial world could not participate in the processing of and trade in manufactured goods. In that regard, General Assembly resolutions 44/237 on the Second Industrial Development Decade for Africa, 45/196, on industrial development cooperation and the diversification and modernization of productive activities in developing countries, and 45/188, on entrepreneurship, should be given due attention so that the majority of the developing countries could become active competitors in the world economy.

79. The human factor was a key parameter of development, and the material, intellectual and spiritual well-being of Ivorians had always been the focal point of Côte d'Ivoire's development policies.

80. Mr. OLISEMEKA (Nigeria) said that his country fully supported the views expressed at the 3rd meeting by the representative of Ghana on behalf of the Group of 77. As noted in that statement, the recent momentous developments in the world had vastly improved prospects for universal well-being and peace. Euphoria over those developments should not, however, be permitted to obscure awareness of the huge disparities that had grown and continued to grow within and between countries, between the North and the South, and, significantly, among the countries that constituted the South. The number of the world's poor currently stood at about 1 billion, and the risk of marginalization had grown significantly for many poorer countries. Those sad developments were an outrage to morality and a direct threat to world security.

81. The economic environment had grown worse for the developing countries as a result of factors beyond their control, such as increasing protectionism, falling commodity prices and rising interest rates. That state of affairs had helped precipitate the debt crisis and the severe reduction in net capital flows experienced by the developing world, further compounded by stagnating aid levels. Action was needed on many fronts, particularly in the areas of trade, financial flows, debt reduction and development cooperation, in order to create a more favourable economic environment for those countries.

82. Nigeria wished to see a strengthening of the multilateral framework of trade-related agreements, which would reduce protectionism and expand opportunities for developing countries to participate in world trade. It was essential to halt the massive net outflow of debt-related resources from the developing world, which could only be achieved through appropriate economic policies to increase savings and encourage investments in the South.

83. Many debt-distressed countries were implementing stronger economic recovery programmes and those efforts called for an appropriate strengthening of the debt strategy, with a view to reducing the debt overhang radically. It was only through such a strategy that the debilitating and demoralizing debt crisis suffered by debtor countries could be attacked and the way paved for a resumption of sustained economic growth.

(Mr. Olisemeka, Nigeria)

84. The recent final review of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UNPAAERD) had been marked by a spirit of unity and cooperation on the part of all parties. Nigeria believed that that spirit would be the key to the success of the agenda for the 1990s, and hoped it would prevail when UNPAAERD came before the General Assembly for consideration at the current session.

85. Mr. SHAKIR (Iraq), speaking in exercise of the right of reply, said that the events that had taken place after 2 August 1990 - the so-called "Gulf crisis" - had been the consequence of a premeditated economic plot against Iraq in which the Kuwaiti regime had participated. The plot had involved the diversion of funds and goods inside Iraq: goods had been sold at exorbitant prices, and the plotters had exploited the shortage of goods and currency in the country. That had led to a very dangerous inflationary situation. Moreover, the Kuwaiti regime had not respected resolutions of the Organization of Petroleum Exporting Countries (OPEC) dealing with production quotas. In fact, Kuwait had openly declared that it would not abide by those resolutions.

86. Brotherly States had made well-intentioned efforts to resolve the situation and Iraq had been asked to take action because it needed resources and liquid cash to rebuild the country after the declaration of the cease-fire with Iran.

87. With regard to the destruction of the environment, everyone knew that the region had been bombed from the ground and the air by the coalition forces arrayed against Iraq. He did not understand how the representative of Kuwait had concluded that Iraq had been responsible for the environmental disaster in the region; perhaps he was simply repeating what his masters told him. In fact, the representative of Kuwait could not fully understand what had happened because Kuwait had simply been a tool in the hands of those who were plotting against Iraq. His delegation was prepared to provide the Committee with files containing information about the economic plot against Iraq so that everyone could know what had really taken place.

88. Mr. AL SALLAL (Kuwait), speaking in exercise of the right of reply, said that the issues in question had been clarified in numerous Security Council resolutions on the subject. If Iraq had been experiencing economic problems, they had been self-inflicted; Kuwait had offered it \$US 15 billion before the invasion. When Iraq had invaded Iran in 1981, it had been suffering no economic crisis and had even had a production surplus. He wondered, therefore, whether Iraq believed it had countered an Iranian plot as well.

89. As for OPEC quotas, Iraq had ignored them during the Iran-Iraq war and had even called for quotas in excess of its production capacities.

90. The establishment of Iraq's military machine and its arsenals of chemical, biological and nuclear weapons could hardly be attributed to an economic policy directed by Kuwait against Iraq, but were rather evidence of

(Mr. Al Sallal, Kuwait)

Iraq's determination to dominate. Incontrovertible evidence of that ambition was provided in Security Council resolution 707 (1991) and in the report on the findings of the Special Commission, which attested to the volume of Iraq's nuclear capacities, some 10 times greater than its defence needs.

91. Kuwait had submitted documents to the Secretary-General, signed by Iraqi military officials in Kuwait, detailing the manner in which oil wells in that country had been deliberately and simultaneously blown up, with great attendant risks. Their destruction was patently not due to bombing by the coalition forces.

92. Mr. SHAKIR (Iraq) said that civilized people did not jump to conclusions, and he rejected the claim made by the representative of Kuwait that Iraq had invaded Iran.

The meeting rose at 6.15 p.m.

UNITED NATIONS  
  
General Assembly  
FORTY-SIXTH SESSION  
*Official Records*

SECOND COMMITTEE  
6th meeting  
held on  
Thursday, 3 October 1991  
at 10 a.m.  
New York

SUMMARY RECORD OF THE 6th MEETING

Chairman:

Mr. BURKE

(Ireland)

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GENERAL DEBATE (continued)

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The meeting was called to order at 10.05 a.m.

GENERAL DEBATE (continued)

1. Ms. FREUDENSCHUSS-REICHL (Austria), noting that her delegation had already referred to the world economic situation in the general debate of the July 1991 session of the Economic and Social Council, drew attention to four basic issues: organization, coordination, integration and communication. By addressing those issues, the Second Committee would have an opportunity to respond more effectively to the needs of suffering peoples. Her delegation attached great importance to the reform of the inner organization of the United Nations in the economic sphere and would continue to participate actively in that endeavour.
2. Coordination was a very thorny issue in the United Nations, owing, on the one hand, to the organic and often haphazard growth of the system since its inception in 1945 and, on the other hand, to the sectoral approach which had characterized its development. Her delegation therefore welcomed efforts designed to enhance the United Nations emergency response mechanism in situations of disaster.
3. The United Nations, whose comparative advantage lay in global and cross-sectoral issues should develop integrated approaches to the major global issues of the times: poverty, underdevelopment, population growth and environmental degradation, refugees, mass migration, and the squandering of scarce resources through unsustainable patterns of consumption and disproportionate military expenditures.
4. At the United Nations Conference on Environment and Development (UNCED), whose date was drawing near, it should be possible to take an integrated approach to practically all of those issues, even though it appeared from the outcome of the third session of the Preparatory Committee, held in August, that much remained to be done. Although the Committee might not wish to consider all the details of specific UNCED-related questions, a sharper awareness of the interdependence and interrelationship of global issues would obviously enhance the quality of its deliberations.
5. The quality of communication was a major challenge in the multilateral economic field. Jurisdiction over economic affairs tended to be very fragmented within national government structures and it was not easy to be briefed on the activities of the relevant ministries. It was also not easy for intergovernmental bodies to keep abreast of the work of other intergovernmental bodies in a given economic field. In order for the United Nations to overcome the negative image it continued to project in the economic field, it must explain better what it was doing and how important its activities were in making the world a better place.

6. Mr. IOBAL (Pakistan) said that, at the dawning of the 1990s, it had been assumed that the end of the cold war would usher in a new era of cooperation. The hopes of the developing countries had been dashed, in part by the consequences of the Gulf crisis. As a result of that crisis, Pakistan had incurred losses of nearly \$700 million owing to the suspension of trade relations, higher import bills, repatriation expenses and the disruption in remittances from expatriate workers.

7. It was of critical importance that a specific percentage of purchases to meet urgent food demands in the Soviet Union should come from developing countries. His delegation proposed a "triangular" arrangement among Soviet needs, Western credit and third world supplies.

8. The Declaration on International Economic Cooperation, adopted by the General Assembly at its eighteenth special session was a major landmark in international economic relations. Most developing countries, including Pakistan, had undertaken broad programmes to liberalize and reform their economies. Regrettably, the industrialized countries had not matched those reforms with concrete action and had not honoured commitments made under the Declaration.

9. The huge external debt of developing countries had undermined their growth and development. The Gulf crisis had also adversely affected their debt-servicing capacity. Solution of the problem was crucial to the success of growth-oriented adjustment programmes undertaken by many developing countries, including Pakistan.

10. Certain countries which had prudently managed their external debt were currently experiencing difficulties as a result of imbalances in external payments. Pakistan was one of those countries. Tangible relief was needed in the form of debt reduction, in the context of a new and equitable debt strategy. The debt problem called for the creation of a new international refinancing facility, which would be administered by the World Bank and the International Monetary Fund (IMF) and would operate with increased resources.

11. The massive net transfer of resources from the developing to the developed countries had deprived the former of much-needed resources for their development. External conditions and, in certain cases, the internal situation in developing countries impeded capital formation. His delegation fully agreed with the Secretary-General that the international community must invest adequate resources in the survival of the planet and its environmental, health and human well-being. His delegation supported the proposal to convene an international conference on development financing in order to identify sources of funding and support mechanisms for a much broader development programme, thereby maintaining international peace and security. External financing was essential to accelerated growth and the developed countries must increase their development assistance until such time as the agreed 0.7 per cent target was reached. The capital base of the World Bank and the resources of IMF must also be increased.

(Mr. Iqbal, Pakistan)

12. Unfortunately, the developed countries continued to practise restrictive and protectionist policies. The failure to reach an agreement at the Uruguay Round of multilateral trade negotiations in December 1990 had been a great setback to international cooperation. The Uruguay Round should accommodate the interests of all participants, particularly the developing countries. It was important, for example, that the Multi-fibre Arrangement should be phased out fairly rapidly and that the sector should conform to the normal rules of the General Agreement on Tariffs and Trade (GATT).

13. The rich and the poor alike contributed to environmental deterioration, but environmental issues could not be isolated from the overall development process. In order for UNCED to be successful, developed and developing countries must abide by the principles laid down in General Assembly resolution 44/228 of 22 December 1989.

14. The recent meeting of the Ad Hoc Committee of the Whole for the mid-term review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development had reiterated that full support should be given to Africa's recovery programme. Unfortunately, that support had been lacking in the past four years. Pakistan, within its limited means, was pursuing a programme of economic and technical assistance for Africa.

15. Mr. BARAC (Romania) said that meaningful political, social and economic changes in Romania had paved the way for a free market economy, a constitutional State with a system of political pluralism and the unflinching promotion of human rights and fundamental freedoms.

16. Romania had succeeded in dismantling hypercentralized economic structures, establishing full guarantees for private property and foreign investments in such diverse sectors as industry, agriculture, banking, trade and tourism, and eliminating large structural imbalances in domestic market activity.

17. None the less, the economic and financial situation of Romania was alarming and continued to deteriorate. The new mechanisms had not yet produced the desired results. The harsh austerity measures inherent in the transition process might well prove futile if the developed countries and international organizations did not support the reform process. Western support for reforms in Eastern European countries had not affected and, in all probability, would not affect other developing countries in the immediate future, for the development of the Eastern European countries and the developing countries should be complementary, not competitive.

18. With its economic reform and its integration in the European and world economy, Romania was resuming an historical process which had been temporarily interrupted. A decision by the European Community to include Romania among its associate members would therefore be of fundamental importance.

(Mr. Barac, Romania)

19. He proposed that the United Nations should initiate a special programme of technical and economic assistance for the countries of Eastern Europe. Romania was one of the countries which had been severely affected by the application of Security Council resolution 661 (1990). Its direct losses, mostly in the form of unrecovered external loans and suspended commercial exchanges and technical cooperation projects, amounted to almost 14 per cent of its gross national product (GNP) or \$3 billion. Romania hoped it could count on the understanding and support of the United Nations in recovering its outstanding credits and alleviating the burden of its heavy economic losses.

20. Mr. BHATIA (International Monetary Fund) said that the prospects for the world economy were currently less bright than in 1990, when the continuation of one of the longest periods of economic growth and international trade expansion in history had been noted. The growth of the world economy in 1991 would be slower than in any year since 1982 and would be at less than half the average rate recorded in the decade 1978-1987.

21. The slow-down would be reflected in a relatively sharp drop in the growth rate of world trade. The rebound in economic activity projected for 1992 would probably be modest, and medium-term growth rates would probably be lower than those in the last years of the 1980s.

22. Although much would depend on the structural and macroeconomic policies adopted, those trends would affect both developed and developing countries. The economic performance of developing countries should improve upon that shown in 1991, with marked improvements in their current account balances and debt ratios. The developed countries should continue to show a reduction in financial imbalances; although current account deficits would persist, inflation should remain under control.

23. One problem which both developed and developing countries must resolve was the global shortage of savings, which could threaten the projected recovery and growth prospects and worsen the outlook on inflation and debt. The Director-General for Development and International Economic Cooperation had referred to that problem in his address to the Committee. The resolutions and programmes adopted by the United Nations in the previous three years would make demands on those limited savings. It had been optimistically expected that East-West détente would free up additional resources; the economic reforms in Eastern Europe and the consequences of the Gulf crisis had not been anticipated. The international community had the major task of encouraging greater savings and determining orders of priority for their distribution.

24. The International Monetary Fund (IMF) now had arrangements with some 50 member countries involving commitments totalling \$US 22 billion, and outstanding credit provided by the Fund currently amounted to \$US 34 billion.

25. A growing number of countries had adopted structural and macroeconomic reforms. The external debt situation remained difficult, especially for the

(Mr. Bhatia, IMF)

countries of sub-Saharan Africa, which required timely financial assistance and debt relief terms that went well beyond those provided for in Toronto. That need had already been recognized at the London Summit, and the Paris Club was currently considering new debt relief measures and the situation of some middle-income countries which were heavily indebted.

26. Even with increased official development assistance, debt relief would not deliver its full potential benefits in the absence of a successful outcome, to the Uruguay Round.

27. While it was certainly true that development problems had become more severe, the need to undertake macroeconomic and structural reforms was no longer disputed, and it was recognized that both trade and debt problems affected all countries, whether developed or developing, and required a global solution. There was general concern about such global problems as insufficient savings, economic development and political security, and there was much to be hoped about possible promises of reductions in military expenditures, protectionism and subsidies.

28. Mr. JIN Yongjian (China) said that since 1980, the marked imbalance in economic development between the North and the South had widened the gap between the developed and the developing countries. In the past decade, the per capita gross domestic product (GDP) of developing countries had amounted to only 9.5 per cent of that of the developed countries, and it was expected to fall to 7.8 per cent in the 1990s. Between 1981 and 1990, the number of least developed countries had increased from 30 to 42. Currently, more than 1 billion people were living in absolute poverty.

29. It was disturbing that less attention was being given to the urgent development problems of the developing countries; that resource flows, particularly official development assistance, had tended to be redirected; that exports from developing countries faced a more competitive market in the developed countries; and that certain values and modes of development were being imposed on developing countries.

30. International peace and security could not be maintained without a fundamental improvement in North-South relations. To achieve that objective, it was necessary to open a dialogue and establish cooperation between the North and the South so that they could deal jointly with the urgent economic problems of the developing countries, taking due account of the Declaration adopted at the eighteenth special session of the General Assembly and the International Development Strategy for the Fourth United Nations Development Decade. His delegation supported the Secretary-General's proposal on the convening of an international conference on development financing.

31. The growth and development of the developing countries should receive priority attention at the international level. China had noted the commitments made by some developed countries that their assistance to

(Mr. Jin Yongjian, China)

developing countries would not be affected by the aid they provided to the countries of Eastern Europe.

32. Preferential treatment should be granted to the developing countries to give their products greater access to the world market. Debt relief measures should be applied and priority consideration should be given to the needs of heavily indebted developing countries.

33. It was important to respect the preferences of recipient States in the provision of development assistance, instead of imposing on them the values and development models of the donor countries. In the adoption of decisions on world economic policies, the interests of the developing countries should be given full consideration and their participation in the process should be ensured.

34. To date, the role of the United Nations in the economic sphere had lagged far behind its role in the settlement of political issues. That situation must be changed as soon as possible by restructuring the United Nations system in the economic and social fields to allow it to play a more important role in promoting international economic cooperation.

35. China hoped that, as at the recent Special High-level Meeting of the Economic and Social Council, discussions would continue on the impact of the evolving East-West relations on the world economy and especially on the economic growth and development of the developing countries, as well as on international economic cooperation.

36. With respect to the critical economic situation in Africa, China felt that the adoption and implementation of specific policies and measures was of paramount importance, as were effective commitments in all fields that were vital to African development. He hoped that the new United Nations Programme of Action for African Economic Recovery and Development in the 1990s, on which an initial agreement had recently been reached, would become a new starting point for the international community's support for African economic recovery and development, and that its objectives would be fully realized.

37. With respect to the restructuring and revitalization of the Economic and Social Council, General Assembly resolution 45/264, in accordance with which the question of reforming the subsidiary machinery of the Council and the Assembly would be considered at the current session, constituted an important step towards reforming the United Nations in the economic and social fields. The fundamental purpose of the exercise should be to enhance the efficiency of those bodies, to improve their work methods and to enable them to play more effective roles. Any major reform measures in the economic and social fields should be implemented gradually. Decisions on the matter could only be adopted by consensus, following extensive deliberations and consultations.

(Mr. Jin Yongjian, China)

38. No detailed documentation had been submitted on important issues of economic development and there had been no in-depth discussion of those issues at the third session of the Preparatory Committee for the United Nations Conference on Environment and Development, held in August 1991. Nor had there been enough time to discuss cross-sectoral issues such as financial resources and technology transfer. Although the Group of 77 and China had submitted very good working papers on those issues, it had not been possible to reach agreement. China hoped that, in the coming months, the various parties would strive to reach agreement on all conference documents at the fourth session of the Preparatory Committee.

39. With respect to operational activities for development, his delegation noted that the various technical cooperation bodies in the United Nations system were being obliged to decide whether or not to adhere to the principle of neutrality. Any departure from the principle of neutrality would introduce political and ideological differences into operational activities for development and thus violate the universality and multilateral nature of those activities under the United Nations system. Representatives of many developing countries had strongly criticized some parts of the Human Development Report, 1991, published by the United Nations Development Programme (UNDP). China hoped that UNDP would seriously consider the views of developing countries in preparing the 1992 report and would refrain from engaging in activities not related to its work and, especially, from bringing controversial ideological issues into operational activities for development. Indeed, UNDP might well ask itself whether the report should still be compiled.

40. Coordination among United Nations agencies engaged in emergency relief assistance activities needed to be strengthened and the question whether to set up a new relief coordination body needed further study. China was in favour of establishing an interagency coordination mechanism but it should not replace or supersede the mandates of existing agencies.

41. The policy of reform and opening to the outside world pursued by China in the past 10 years had led to notable achievements. The economy had grown markedly. The average annual growth rate of per capita national income and GNP were 8.4 per cent and 9.7 per cent, respectively. The general standard of living was rising. In the past summer, despite unprecedentedly severe floods in some regions of the country and tremendous losses, there had been no occurrence of famine, epidemic or major influx of people to the cities.

42. China enjoyed political and social stability. The path to development China had chosen had proved effective in practice; it remained in keeping with its particular circumstances instead of indiscriminately copying other countries' development models. China would continue to carry out its policy of reform and opening to the outside world within a framework of socialism with Chinese features. It stood ready to work with other Members of the United Nations to foster international economic cooperation and world economic prosperity.

43. Mr. SILOVIC (Yugoslavia) said that he concurred wholeheartedly with the statement made by the representative of Ghana on behalf of the Group of 77. The momentous events that had shaken cold war international relations to the foundations had brought positive changes and prospects of peace, cooperation and a better life. However, they had not dispelled uncertainty and new dangers as could be seen in Yugoslavia.

44. The Yugoslav crisis had its roots in history, but also in the recent past. There were deep underlying economic causes. Many of Yugoslavia's economic difficulties in the last decade could be attributed to inadequate economic policies and procrastination in making necessary structural adjustment. The extensive programme of economic reform embarked upon in the last two years initially produced positive results, but had been disrupted by the recent turn of events and by an unfavourable external environment, mounting protectionism, a crippling debt burden and reduced access to capital and foreign investment. The Yugoslav crisis was one more example of the inexorable interrelationship between economic stability and political stability.

45. The past year had been difficult for the international economy owing to the global contraction, which had inevitably had its most adverse effects on the weakest elements of the economy and put a new burden on developing countries. Trade flows, direct investment and growth had all been reduced.

46. At the recent Special High-level Meeting of the Economic and Social Council, the developed countries had stated clearly that their assistance to Eastern Europe would not be at the expense of traditional aid flows to the developing countries. That was a principle that must be adhered to. The integration of Central and Eastern Europe and the Soviet Union into the world economy would also have long-term favourable implications because those countries had enormous potential to become not only one of the biggest markets for developing country products but also a dynamic stimulus to world growth.

47. The contraction of global savings and the lack of capital to meet increasing financial needs throughout the world constituted a problem. Because of the Gulf war, capital was needed to repair the enormous environmental and economic destruction in the region. The Secretary-General's proposal to convene an international conference on the financing of development was timely and necessary and should be supported.

48. In the last two years, a global consensus on development had emerged and been embodied in documents such as the Declaration of the Eighteenth Special Session on the revitalization of growth and development of developing countries, in the International Development Strategy for the Fourth United Nations Development Decade, and in the Second United Nations Conference on the Least Developed Countries.

49. In the last few years, the vast majority of developing countries had carried out arduous but necessary structural adjustment and reform

(Mr. Silovic, Yugoslavia)

programmes. The policies of the multilateral financial institutions, and thus the intrinsic value of free markets, private initiative and entrepreneurship, had become generally accepted. However, the process of economic adjustment had been one-sided. Despite some gains the developing world had not experienced a general reactivation of growth through structural adjustment.

50. The external impediments to growth persisted, and some had been intensified. Rising protectionism, reduced Official Development Assistance and trade and investment flows, together with ever more limited access to financing and technology, severely hampered the revitalization and growth of those countries.

51. Although those issues had figured on the agenda of the General Assembly for years, the political will required to resolve them was lacking. By and large, the United Nations goals of ensuring higher standards of living, full employment and economic and social progress had not been fulfilled. It was essential to maintain an open multilateral and non-discriminatory trade environment that would give the developing countries access to markets and provide debt relief by implementing a broader strategy of debt reduction, supplemented by adequate financial flows. The transfer of technology to developing countries should be facilitated, and priority should be given to eliminating poverty and developing human resources. Satisfactory results from the Uruguay Round and the United Nations Conference on Environment and Development would contribute significantly to the achievement of those goals.

52. It was also essential to increase the effectiveness and efficiency of the United Nations system and to strengthen its relationship with the Bretton Woods organizations. The emphasis placed during the forty-fifth session of the General Assembly on the restructuring and revitalization of the United Nations in the economic and social fields had been encouraging. His country hoped that progress would be made during the forty-sixth session with respect to the United Nations Secretariat and the subsidiary bodies of the Economic and Social Council. It also welcomed the discussion on strengthening the ability of the United Nations system to respond to humanitarian emergencies.

53. Mr. PAULINICH (Peru) said that the important changes in international relations and the concomitant new political geography were manifestations of a new phase characterized by the obliteration of the ideological confrontation of the past 45 years.

54. The developed countries had a special responsibility to establish a world economic climate that would allow the democratic participation of the developing countries. The developing countries were not asking merely for economic assistance. They were calling for a durable solution to the problems of the external debt, net resource transfers and protectionist practices that would enable them to create the minimum conditions for full enjoyment by their citizens of fundamental freedoms.

(Mr. Paulinich, Peru)

55. Those measures must be accompanied by effective international cooperation for development, to be governed by the principles of universality, flexibility and neutrality.

56. His country noted with great interest the restructuring and revitalization of the United Nations in the economic and social fields. That process should now be supplemented by a review of the efficiency of the subsidiary bodies.

57. Environmental problems required, on the one hand, that the developing countries implement environmentally sustainable economic development policies and, on the other, that the industrialized countries recognize their primary responsibility for repairing ecological damage. His country had great hope that the United Nations Conference on Environment and Development would define in practical terms the close interdependence of today's world and that the Preparatory Committee would be able to reach agreement on the allocation of additional resources and the environmentally sound transfer of technology.

58. In the North-South dialogue, attention should be given to the complex issue of reactivating the economies of the developing countries. In that context, it was necessary to consider the net transfer of resources from the developing countries to the developed countries, the shrinking share of the developing countries in world trade, the inexorable increase of their external debt, the unequal access of their products to markets in the developed countries, the need to increase foreign investment and the achievement of the international target for official development assistance. The industrialized countries should recognize the sacrifice that the developing countries were making, as well as the fact that interdependence made it imperative to seek effective practical solutions agreed upon by all parties.

59. His country supported the initiative to strengthen and increase the effectiveness of emergency humanitarian assistance provided by the various United Nations agencies. It was necessary to redefine the underlying criteria for such assistance with particular attention to the principles of national sovereignty and non-intervention: the cornerstone of those criteria should be the consent of the recipient country to receive assistance. The resources allocated for such purposes should be supplementary so as not to affect funds earmarked for international cooperation for development.

60. Mr. KABIR (Bangladesh) said that, while the profound changes occurring on the global political scene seemed to catapult the world to the threshold of a constructive new era, there was reason for deep concern regarding the situation prevailing in the developing countries, where nearly a billion people were living in absolute poverty and unemployment, disease and hunger were, on the whole, increasing.

61. In an increasingly interdependent world, national efforts were not enough in the absence of a more stable, equitable and growth-oriented international

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economic environment. A renewed commitment was called for to create such an environment through constructive, timely cooperation among all nations aimed at eliminating the root causes of underdevelopment. It was essential to augment the flow of development resources to developing countries.

62. There was a real danger that, in the face of competing demands on investment resources resulting from the recent changes in the global political scene, the needs of developing countries might be overlooked. His country strongly supported all realistic initiatives to mobilize additional resources for development purposes and to apportion them appropriately among nations, taking into account the special needs of the developing countries. It also supported the use of peace dividends to improve the socio-economic situation of developing countries.

63. His delegation welcomed the new thinking behind the measures adopted by some countries with respect to debt relief and reduction. However, such measures were still limited to certain categories of debt owed by a few countries. Official and private creditors and the multilateral financial institutions needed to broaden and intensify efforts to solve the debt problem.

64. To reactivate growth and development in the developing countries, trade had to be expanded. Unfortunately, trade barriers had proliferated in recent years. His country was deeply perturbed by the lack of progress in the Uruguay Round. It was necessary for that forum to resolve quickly the issues that were central to the developing countries in general and the least developed countries in particular. It was important to reverse the present trend towards protectionism, managed trade and unilateralism. Care should also be taken to ensure that regionally unified markets in Europe and North America would not impose additional restrictions on exports from developing countries. Instead, they should create more dynamic conditions for expanded trade between those countries and the developing countries.

65. Depressed commodity prices during most of the 1980s were another problem that had seriously affected the developing countries. Serious study should be given to ways and means of insulating developing countries from the volatility of commodity markets and compensating for their chronic export-earning shortfalls.

66. In the Programme of Action for the Least Developed Countries for the 1990s, those countries had undertaken to initiate far-reaching reforms to address their most daunting development problems. The international community had also pledged to help them in all critical areas in which external support and assistance were needed. There had been a consensus that the developed countries had a special responsibility to maintain a global economic environment favourable to the least developed countries. His delegation hoped that the developed countries would not allow the uncertainties of the global economic scene and the changes taking place elsewhere in the world to distract them from the specific commitments made at the Paris meeting.

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67. Bangladesh attached great importance to the forthcoming session of the United Nations Conference on Trade and Development and to the preparations for the United Nations Conference on Environment and Development, as well as to the International Conference on Population and Development.

68. His delegation was following with keen interest all initiatives aimed at enhancing countries' capacity to respond to emergencies of various types, including those caused by natural disasters. The link between such emergencies and underdevelopment was becoming increasingly evident. The international community's response to some of those emergencies, including the cyclone that had swept Bangladesh in April 1991, had been encouraging. Yet, as had been proved time and again, it was more difficult to mobilize assistance for dealing with the less spectacular and less immediate implications of those problems in the long term. It was thus essential that all efforts to mitigate the causes and consequences of such disasters should be integrated in the longer-term framework of efforts to accelerate growth and development in the disaster-prone developing countries, so as to enhance their capacity to cope with such disasters.

69. Mr. KALPAGE (Sri Lanka) said that when the Fourth United Nations Development Decade had been proclaimed, the goals and objectives of the three previous Decades had remained for the most part unattained. As far as the developing countries were concerned, the causes had been shrinking resource flows, declining commodity prices, rising interest rates and increasing barriers to market access. Although some countries had maintained a relatively fast growth rate during the 1980s, many others had seen their growth rates and living standards decline. The overall growth rate of developing countries with debt-servicing difficulties had been only 1.5 per cent during the period 1981-1990.

70. If the 1990s were to be a decade of development, that unsatisfactory record needed to be changed, taking advantage of the relaxation of international tensions as an opportunity for cutting military expenditure world wide, reducing strains on national economies, and devoting greater resources to the fight against poverty.

71. The reform and restructuring of the economies of Eastern Europe and their integration into the world economy could help to strengthen world trade. It was to be hoped that the developed countries would not be so preoccupied with assistance to the countries of the former second world that the needs of the third world were neglected. The peace dividend could and should be used to attain the objectives of the Fourth United Nations Development Decade. For that Decade to witness a significant improvement in the human condition in the developing countries and a reduction in the gap between rich and poor countries, without damage to the environment, six interrelated aims must be met. Those aims were: the acceleration of economic growth in the developing countries; a development process responsive to social needs which promoted the utilization of human resources and was environmentally sound and sustainable;

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improvement of the international finance, monetary and trading systems; a framework of strength and stability for the world economy and sound macroeconomic management; a strengthening of international development cooperation; and a special effort to deal with the problems of the least developed countries.

72. The reactivation and acceleration of development required a dynamic and supportive international economic environment and determined policies at the national level. In their policies, the developing countries must mobilize latent energies for development, promote efficiency in the allocation of resources and take advantage of the opportunities for trade, investment and scientific and technological progress afforded by the new global economic environment.

73. Finding an early and lasting solution to the developing countries' external debt problems was the joint responsibility of debtor and creditor countries, commercial banks and multilateral financial institutions. The poor countries could not increase their savings by restraining levels of consumption that were already low. External resources were thus essential if investment was to fuel adequate economic growth. On average, official development assistance had remained at only half the internationally agreed target. It would be a mistake to reduce that figure still further by the imposition of needless and controversial conditions.

74. To reactivate development, it was first necessary to reverse the trends that had eroded the multilateral trading system during the 1980s through unilateralism, bilateralism and protectionism. The Uruguay Round must be brought to a successful conclusion and the international trading system strengthened. The eighth session of UNCTAD also offered a golden opportunity for international cooperation in that sphere.

75. The developing countries' terms of trade were an important aspect of the international economic environment for development. The developing countries must diversify their economies. Compensatory financing could cushion developing countries, particularly the least developed countries, against shortfalls in commodity-related export earnings. For a sustained acceleration of development to take place, the developing countries must modernize and transform their industrial and agricultural sectors and share in the progress made possible by advances in science and technology.

76. Economic growth did not in itself ensure that the benefits of such growth would be equitably distributed or that the physical environment would be protected. The International Development Strategy for the Fourth United Nations Development Decade must accord special attention to policies in the areas of poverty alleviation, human resource development and the environment. The current threats to the environment were a source of concern to all, and all countries must take effective environmental protection measures, each according to its capacity.

77. Mr. SOMAVIA (Chile) said that bipolarism, ideological confrontation and the cold war had been replaced by the increasing spread of freedom and democracy, respect for human rights and a new pattern in the distribution of world power.

78. In the historic struggle of the developing countries to achieve development, positive results had been registered in some years in the areas of growth, industrialization and modernization of agriculture, and with regard to certain social indicators such as education and infant mortality. External crises, combined with inappropriate domestic policies, had for many years prolonged and exacerbated the negative aspects of development and had led to distressing poverty and health and environmental conditions. The situation had reached crisis proportions in the 1980s, and at the end of that decade the process of détente had culminated in a paradox: while the world was moving towards systems of openness, freedom and progress in political matters, many developing countries had suffered significant social and economic setbacks. There was a discrepancy between the efforts made by many developing countries, which had introduced sound adjustment policies, and those of the developed countries, which had not imposed similar disciplines on themselves to rectify fiscal, balance-of-payments or other problems.

79. Between 1983 and 1990, Latin America had made a net capital transfer of some \$140 billion, and the region's progress was currently in danger of being stalled by a lack of resources for development owing to the growing demands of debtor countries, the balance-of-payments problems of the industrialized world and the priority financial assistance being given to the countries that had been involved in the recent political changes on the international scene.

80. The difficulties the developing countries were having in escaping the harsh effects of protectionism showed that a double standard existed which was also generating political, economic and social tensions. The proliferation of barriers to international trade made the success of the Uruguay Round more urgent, since the failure of the Round could have very serious and unpredictable consequences for the whole international system and, in particular, the developing countries' prospects for increased trade.

81. The dissipation of ideological tensions did not eliminate the tensions that had their roots in the economic and social conditions in developing countries.

82. The work of the United Nations in the social field was indispensable, and the restructuring of the Organization's economic and social sector therefore took on renewed importance in the light of the prospects that had opened up for the international community. On the basis of the Declaration on International Economic Cooperation, the revolution begun in the political and disarmament sphere could be extended so that the world community of the future might be genuinely interdependent and international business might equitably meet the needs and concerns of all the planet's societies.

83. Mr. AHMIA (Algeria) said that the process of integration in the world economy being led by the countries of Central and Eastern Europe had given rise to a wave of solidarity in the developed countries. It should be noted that the volume of financial resources being poured into those European countries and the new preferential assistance schemes coincided with a time in history when the majority of developing countries, especially in Africa, were embarking on a process of irreversible economic reform, often at a high social cost.

84. Those praiseworthy efforts had been made in a highly unfavourable international economic environment, which had impeded the developing countries' task of structurally transforming their economies and tackling the growing problems of foreign debt and the constant worsening of their balance of payments.

85. His delegation noted that the developed countries and the multilateral financial institutions had repeated their solemn pledge to prevent the efforts to aid reform in Central and Eastern Europe from affecting their assistance programmes in developing countries, and marginalizing the countries of the South.

86. The problem of the developing countries' foreign debt, which was steadily worsening, required international action on a vast scale. The initiatives proposed to date had not produced significant results; the solution had to be innovative, comprehensive and imbued with a spirit of solidarity. Accordingly, the Secretary-General's proposal to convene an international conference on development financing merited support.

87. The changes in Algeria had been made in response to the country's deep aspirations for a responsible democratic life. It was to be hoped that those changes would have a positive effect on stability and cooperation in the Maghreb. The policy of economic reform in Algeria in recent years was part of a process of difficult but necessary reforms aimed at stimulating the economy and reactivating growth and development while preserving the social gains made by the poorest segments of the population.

88. The reforms went beyond a simple situational adjustment since, in addition to covering all aspects of economic life, they were accompanied by innovative legislation aimed at developing human resources and promoting exports, competitiveness, private enterprise and entrepreneurship, while liberalizing prices and encouraging foreign investment.

89. Algeria was considering various joint venture arrangements and was in the process of drafting legal provisions on the role of foreign capital, especially in the area of oil. The international economic environment was particularly unfavourable, since foreign debt and debt-service payments were rising, external financing was growing scarcer, the terms of trade were constantly worsening, and technology transfers and market access were being hampered. Despite those difficulties, Algeria would continue its economic

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reforms and hoped that the new spirit of cooperation in East-West relations would be matched by similar cooperation between North and South.

90. Mr. AL-HUMAYDI (Qatar) said that the items currently on the Committee's agenda were not very different from those of the previous session. The economic crisis persisted, particularly in the developing countries.

91. Foreign debt was still causing many problems. Developing countries were obliged to waste a large part of their income on debt-servicing. There was a need for the international community to take action before indebtedness led to a financial disaster that would have considerable repercussions at the world level. Qatar had remitted the principal and interest of the debt of certain Arab debtor countries. It was to be hoped that other countries, and particularly the most developed, would follow Qatar's example and remit debt interest, in particular, or allow the interest to be paid on special terms.

92. Another problem affecting the developing countries was the worsening of the terms of trade, reflected in their lack of access to developed countries' markets and the shrinking levels of resources allocated for development. An international plan covering all developing countries was needed to establish fairer relations. His delegation supported the Secretary-General's proposal to convene an international conference on development financing.

93. Environmental problems were among those facing developing countries. They were related to development problems and required an integrated approach. His delegation therefore hoped that the United Nations Conference on Environment and Development, to be held in Brazil in 1992, would make an important contribution in that respect. Qatar was deeply interested in pollution problems, which were also affecting neighbouring countries in the aftermath of the Gulf war.

94. In conclusion, he urged that negotiations to reactivate North-South cooperation should be held and called for greater flexibility in the terms of trade so that balanced economic relations could be established between all countries.

The meeting rose at 12.50 p.m.